

**State of the State Address
“A Middle Temperament”
As Prepared for Delivery
Wednesday, February 3, 2016
Maryland State House, Annapolis**

Speaker Busch, President Miller, members of the General Assembly, distinguished guests, fellow Marylanders:

A year ago I stood before you, confident in our collective ability to usher in a new era of cooperation and prosperity for Maryland, while mindful of the challenges facing us and the uncertainties that we shared.

In spite of political mindsets that might drive us apart, could we find middle ground?

Could the growing discord between our citizens and their government be repaired?

Would we as elected leaders choose serving the people over serving government?

Yet none of us could have foreseen just how much we would be asked to overcome:

The riots and lawlessness that threatened to tear Baltimore City apart;

For me personally, a life-altering diagnosis requiring me to publicly wage what is normally a very private battle;

And last week a historic winter storm that left a season's worth of snowfall in just two days.

Together, we have been tested.

But in the face of adversity, we were not Democrats or Republicans looking backward. We were Marylanders with our eyes fixed forward, working together for a better tomorrow.

By working together we have put Maryland on a new path, and we are changing Maryland for the better.

I want to extend my sincere thanks to your presiding officers, who have risen up to help us meet the challenges of the past year.

Speaker Busch, our state's longest serving Speaker, is a man who strongly believes in sound policy to achieve good government.

President Miller, the longest serving presiding officer in the nation, has spent a lifetime tirelessly working on behalf of all Marylanders.

Though there are sometimes points of disagreement, at the heart of each of us is a man fiercely proud of this state that we all love. Time and time again over the past year, we have chosen compromise over conflict, and for that I say thank you.

Thanks to every person in this chamber who knows the great potential and promise of this state.

Together we have spent the past year working toward that potential, and because of that I am pleased to report that the state of our state is now strong, and getting stronger every day.

Last year I challenged each of us to put aside partisanship and to work together on behalf of all Marylanders, and together we answered that call.

Because of it, we have made incredible progress, and we have the will and the support of the people solidly behind us.

Our first and most important task was to correct our state's fiscal course, and to get our economy back on track.

For the first time in nine years, working together we adopted a budget that did not include a single tax hike.

Not only did we not raise taxes, together we actually cut them.

In an unprecedented show of bipartisan cooperation, every single legislator in both houses who had previously voted for the Rain Tax mandate, changed their position and voted with us to repeal it – and the people of Maryland thank you.

In this year ahead, let's continue to make progress, and continue to move our state forward.

Marylanders are demanding relief from years of crippling tax and fee hikes. We are already delivering \$600 million back into the pockets of Maryland's taxpayers.

This year, let's work together to help even more struggling Marylanders throughout our state.

Let's find those areas where modest and reasonable tax cuts will have the biggest positive impact on our economy, and which will improve the lives of those who need it most: working families, retirees, and small business owners.

Last year, we introduced tax relief on retirement income for veterans, and with the support of this Assembly, we passed it.

This year, we ask all of you to work with us again, to extend this exact same tax relief to all Maryland's retirees.

For working families, let's deliver on a popular bipartisan issue and accelerate the Earned Income Tax Credit.

Most of the tax increases in recent years are regressive taxes that hit working families and retirees on fixed incomes the hardest.

They deserve and desperately need our help. Let's work together and finally give them that much-needed tax relief.

We have already reduced or eliminated 100 fees all across state government, saving taxpayers \$51 million.

Now, we ask you to join our efforts by reducing or eliminating another dozen fees that are set in statute, to save hardworking Marylanders another \$71 million.

Essential taxes and fees serve a purpose, but they have simply gone too far in recent years – overburdening our hardworking citizens and dampening our prospects for real economic growth.

Thanks to your help, Maryland is now open for business.

Businesses are returning to and expanding in our state once again.

Over the past 12 months, Maryland businesses had their best year in eight years, with some of our most important brands and employers – like Under Armour, McCormick, Northrup Grumman, FedEx, and

Amazon – increasing their investment and growing jobs in our state.

Let's build on that progress, and continue to make Maryland a more competitive, and a more business-friendly state.

Let's begin by reducing taxes and making it easier for the smallest of Maryland businesses who have been struggling the most.

And let's renew Maryland's proud history in manufacturing and address chronic unemployment in the hardest-hit parts of our state by instituting the Manufacturing Jobs Initiative – enabling us to eliminate the corporate tax and to waive all state taxes on certain companies who commit to bringing jobs where unemployment is highest – places like Western Maryland, the lower Eastern Shore, and Baltimore City.

This is an innovative, bipartisan concept with a proven track record of success for attracting more businesses and more jobs to the places that desperately need them, and it will benefit the everyday lives of Maryland's working families.

Let's also continue to eliminate needless, burdensome regulations.

Our Regulatory Reform Commission has already been hard at work, conducting a top-to-bottom review of every single regulation in the state.

Let's reach across the aisle, and continue to do everything we can to help our state compete in the region and throughout the nation. Maryland's business community can and will be strong again.

Together, let's usher in a new era of ingenuity and entrepreneurial spirit in Maryland.

We have had several consecutive, robust quarters and an improving state economy over the past year.

In just 12 months, we have added more than 55,000 new jobs – the largest gain in the mid-Atlantic region – and we're adding jobs at one of the fastest rates in the entire country.

By improving our economy, creating jobs, standing up to special interest groups, holding the line on new spending, and belt-tightening all across state government, we have made tremendous progress toward solving our state's fiscal problems.

We have seen a jump in tax revenues, not because we raised taxes, but because we are growing our economy.

Revenues are now \$150 million higher, and we have already eliminated nearly 90% of the \$5.1 billion structural deficit that we were faced with at this time last year.

Fiscal discipline, combined with our improving business climate, means that this year we will achieve \$1.1 billion in the Rainy Day Fund and maintain a \$450 million cash balance.

This is incredible progress, and all of us can be proud of these results. It's easy to see why so many Marylanders are so optimistic about the direction of our state.

But as we look ahead, now is certainly not the time to abandon the fiscally responsible principles, which together we have instituted.

In addition to reining in spending, taxes, tolls and fees, let's rein in how much the state borrows.

Let's work together to reduce mandated spending increases in years when revenues don't keep pace.

This will ensure that future budgets continue to prioritize key expenditures – like education and health

care – while also making sure that we have the flexibility to trim excessive cost increases in tough times.

Thanks to your collaboration – we have begun to clean up the problems of yesterday.

Now, let's come together once again to take care of today's challenges, and to provide for a brighter tomorrow.

In this new era of prosperity in Maryland, our economy can and will be strong. Let's continue to work together to make it even stronger.

At the heart of our state is an incredibly hardworking, resolute, and resilient people.

Our most sacred duty as elected leaders is to work tirelessly to improve the quality of life for those we serve.

This past year, we set aside our differences and delivered real results.

On education, we increased spending to historic, record-high levels, adding a total increased investment of \$830 million more in K-12 education.

Last year, I became the first Maryland governor ever to add any money into GCEI in his first year.

This year, we will break our historic record-high investment in public education from last year, and thanks to your help, I have become the first governor in Maryland history to ever fully fund GCEI in his second year.

Most importantly, per-pupil spending is increased in every single jurisdiction across the state.

These investments are important – but as we look to the year ahead, it's clear that more money alone will not close the performance gap we see impacting Maryland's children.

We owe it to them to think more creatively and to find new solutions.

We need to encourage innovative ideas that give parents better alternatives to prepare children for higher education and for the jobs of the future.

Let's set aside political gamesmanship, and work together for the sake of our children.

And as we strive to ensure a brighter future for our children, let us safeguard the natural beauty of our great state for the next generation.

Let 2016 be a year in which we continue to work together to protect our environment.

The Chesapeake Bay is our greatest and most important natural asset, and a national treasure.

Good people in this General Assembly, from both chambers and from both sides of the aisle, had worked for years to try and come up with solutions to the serious problem of phosphorous in the Bay.

Last year, we tackled the problem head-on.

We brought all the stakeholders together – farmers, community leaders, the poultry industry, and environmental groups – and we hammered out a compromise phosphorus management solution that everyone could live with.

It has been called the greatest environmental achievement to clean up the Bay in a generation, and it would not have happened without your help and cooperation.

This year, we are investing \$53 million for the Chesapeake and Atlantic Coastal Bays Trust Fund – the highest level of funding ever, since it was established.

This marks the first time in state history that funding dedicated specifically for restoration of the Chesapeake Bay is not being diverted to the General Fund.

Maryland should be leading the charge in protecting our environment.

Maryland's environment can and should be cleaner and healthier.

Let's continue to work together to make that happen.

And let's also come together in a spirit of bipartisanship, to protect that most fundamental right of every American citizen: the right to free and fair elections.

In Maryland, we have the unfortunate distinction of being the most gerrymandered state in the entire nation.

We created the Redistricting Reform Commission to fight for the nonpartisan drawing of district lines – something nearly all Marylanders are strongly in favor of.

We ask you today to join with us in that fight.

Help us defend that very foundation of American democracy, and set an example for the entire nation by finally making Maryland elections fair elections.

In the past year, we have taken important steps to address another problem that has impaired the quality of life of Marylanders all across our state: heroin and opioid addiction.

Please join me in thanking Lt. Governor Rutherford and the members of the Maryland Heroin and Opioid Emergency Task Force for their countless months of hard work.

Thanks to their efforts, we remain relentlessly focused on finding the best ideas and working toward solutions.

We also look forward to working closely with the General Assembly on the recommendations from the Justice Reinvestment Coordinating Council.

These reforms can help us break the cycle of incarceration, and create an environment of economic opportunity for every Marylander.

We cannot afford to leave anyone behind. Instead, we must commit to recognizing the fundamental human potential of all of our citizens.

As we partner this year to improve the lives of all Marylanders, transportation must also be a top priority.

We are investing an unprecedented \$2 billion into "shovel ready" infrastructure projects to fix every single structurally deficient bridge in the state, and to move us forward on the top-priority road projects in every single jurisdiction in the state.

We are moving forward with a more cost-effective version of the Purple Line, as well as a transformation of the transit system in Baltimore – long-term investments that will be important economic drivers for Maryland.

Moving forward, it should also be a priority to get funding for local roads back to their previous levels. This

year, we have allocated an additional \$231 million in Highway User Revenues to local governments.

Our transportation infrastructure can and should be stronger. Working together, let's make this goal a reality.

Finally, our efforts on behalf of the people of this great state must address the challenges facing the city that is at the very heart of Maryland.

The entire country was witness to the events that shook Baltimore last April.

But when those dark days ended, and peace was restored, we knew that the work of healing and revitalizing Baltimore was just beginning.

Over the past few months, we launched school-to-career opportunities for Baltimore youth; improved educational options for college-bound students; invested an additional \$135 million to improve the City's transit system; finally closed down the notorious Baltimore City Jail; began the process of stopping urban blight with a plan to demolish abandoned, decaying buildings throughout the City; and we have been fostering improved economic development strategies, more redevelopment opportunities, and a pro-jobs economic climate.

We understand that some of you in this Chamber also have ideas to help us change Baltimore for the better.

While we do not have an unlimited amount of taxpayer money, we will always have an unlimited capacity to listen to worthwhile ideas and creative solutions that know no party bounds.

As we continue to tackle these problems, government will play an important role. But often the best answers come from those private citizens who take pride in their community.

The renewal of Baltimore City, and the continued growth of our entire state, will require an environment of trust and cooperation – one in which the best ideas rise to the top based upon their merit, regardless of which side of the philosophical debate they come from.

As you may know by now, I'm a man who speaks candidly. It's the only way I know how.

Last year when I stood before you, I was very direct about the challenges that were facing us.

It's because I care so much about this state, its people, and our future – just like each and every person in this Chamber does.

This past year has been one of many milestones.

For me, none more extraordinary than when I had the honor of being blessed by Pope Francis on behalf of cancer patients around the world.

He is a holy man, who sets an example of truly selfless service to others.

Pope Francis challenged us to act “without prejudice, without superiority, and without condescension” – traits that can sometimes drag down even the most well-intentioned of us.

But that has not been our path.

This past year, we ushered in a new era of bipartisanship in Maryland.

One filled with hope and optimism.

We did not let the bitter and rancorous politics that divide our nation divide our state – and we put the people we serve first.

Now, our path is set and our eyes are clear.

Let us continue to blaze that new path for Maryland, with the full knowledge that the people of our great state stand strongly behind us.

Let's work together and come up with real, bipartisan, common-sense solutions.

And let's continue to embrace that middle temperament, which truly defines this great state of ours.

There is so much more that unites us, than that which divides us.

There is so much we can find agreement on.

In the days ahead, I extend my hand to you – in cooperation and in devotion to our duty – and I ask each of you, and all Marylanders, to seek that middle ground where we can all stand together.

Because together, we are stronger.

Together, we can continue on this bold new path.

And together, we can and we will change Maryland for the better.

Thank you, God bless you, and may God bless the great state of Maryland.

-###-